



Approved For Release 2002/09/03 : CIA-RDP81-00142R000100090027-6
DEFENSE INTELLIGENCE AGENCY
WASHINGTON, D. C. 20301

DIA review(s) completed.

30 OCT 1978
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1-DC *See 10/21*
EX
SA
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FILE *DIA/CIA*

27 October 1978

STATINTL-99/RDS

TO:

[Redacted]
Deputy Chief, Real Estate and Construction
Division
Office of Logistics
Central Intelligence Agency
Washington, D.C. 20505

SUBJECT: Consolidation of CIA/DIA Facilities at Langley

1. DIA has under review the DCI point paper on consolidation of CIA/DIA facilities at Langley and must provide a response to OSD by 2 November 1978. To do that we need a more complete understanding of the savings that are claimed by CIA in the point paper.

2. It would be very much appreciated if you would provide the following additional information:

a. The bases on which the one-time savings were derived. They appear to be the result of reductions in scope of facilities for ADP, library, and cafeteria plus elimination of the printing plant and equipment. For each of these four categories for which significant one-time savings are claimed, an itemized breakout should be provided as soon as possible.

b. The derivation of recurring savings attributed to consolidation of ADP (\$600,000 - \$700,000 annually).

c. Documentation on the remaining recurring savings that are identified in the point paper as being "far larger but unquantified." We questioned the validity of the "unquantifiable" savings in your report of November 1977 and to this date have received no information to document them. Such information would be helpful and aid in our analysis of the DCI point paper, which indicates that these savings would result from elimination of personnel performing such support functions as library services, procurement, engineering, mail and courier, etc. The point paper goes on to say that you believe all these costs are conservative, accurate, and could be fully defended.

3. We are anxious to complete our review of the DCI's most recent consolidation proposal, but will be unable to do so without the information requested above. For that reason a reply as early as possible would be much appreciated.

STATINTL

[Redacted]
Special Assistant
Assistant Deputy Directorate for
Support and Services

ROUTING AND RECORD SHEET

Approved For Release 2002/09/03 : CIA-RDP81-00

R0001000900276

SUBJECT: (Optional)

STATINTL Deputy Chief, Real Estate and
Construction Division, OL

STAT2F09

EXTENSION

NO.

DATE

FO: (Officer designation, room number, and
building)

DATE

OFFICER'S
INITIALSCOMMENTS (Number each comment to show from whom
to whom. Draw a line across column after each comment.)

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1. C/RECD/OL
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3. Director of Logistics
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5. Deputy Director for
Administration
7D24 Headquarters

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The attached "Point Paper" on the consolidation of CIA/DIA facilities at Langley is based on the memo to the DDA dated 13 October 1978, same subject, and was specifically requested by the DCI on the return flight from Chicago on 16 October. The paper is required by the DCI for a meeting with the Secretary of Defense on Friday, 20 October 1978. The DCI also requested information on the Scattergood-Thorne property, tennis court construction, and Agency consolidation, all of which will be provided shortly in a separate paper.

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Point Paper

Consolidation of CIA/DIA Facilities

at Langley

(for meeting between DCI and Secretary of Defense
on 20 October 1978)

1. Recent Activities - S&I Review

The S&I "look at Langley" consisted of a brief interview of Real Estate and Construction Division personnel and a review of their files with some 27 documents being requested for further study. No interviews were held with the DCI or senior Agency managers.

2. Comparative Costs - CIA Versus DIA Analysis

a. CIA maintains that one-time savings of \$7.4 million and annual savings in excess of \$600,000 - \$700,000 will be realized. One-time savings include:

(1) Automatic data processing - \$1.5 million if SAFE centers are combined or collocated thus permitting common use of emergency generators, uninterruptible power supplies, fire detection and suppression systems, etc.

(2) Library facilities - \$2.8 million through consolidation of DIA and CIA document storage and retrieval programs to achieve space savings.

(3) Cafeteria facilities - \$1.0 million if DIA cafeteria requirements are reduced by 25 percent and some DIA personnel make use of the CIA cafeteria.

(4) Printing plant and equipment - \$2.1 million since DIA printing requirements can be absorbed within the existing CIA printing plant.

Annual savings include only those identified with SAFE maintenance support and personnel reductions associated with SAFE facility management. Far larger but unquantified annual savings would result from the elimination of personnel performing duplicate functions, particularly support functions

such as library services, procurement, engineering, mail and courier, etc. We believe all costs cited above are conservative, accurate, and can be fully defended.

b. DIA emphasis has not been as much on cost savings as on additional costs which would result if construction did not occur at Bolling Air Force Base. These additional costs include:

(1) Sunk Costs - \$2.8 million has already been spent for A-E services at Bolling AFB and another \$2.7 million has been approved by the House Appropriations Committee to complete 100 percent design.

(2) "Time Delay" and associated inflation - At a current estimated project cost of \$97.8 million, any delay in the initiation of construction could be expected to escalate project cost at a rate of approximately 10 percent per year, i.e. approximately \$10 million per year.

(3) SLUC Payments - Should GSA be designated the support agency for the building, then annual SLUC payments would amount to approximately \$6.6 million per year, an amount far in excess of that which would be required if the military provided such support.

3. CIA Position on DIA Cost Concerns

a. Much of the \$2.8 million expended for initial A-E work (feasibility and functional analysis) is applicable to either site, and the \$2.7 million just approved could not yet have been inextricably obligated.

b. Regarding "time delay" and associated inflation, we have maintained that a delay need not necessarily occur if the necessary governmental and contracting approvals are quickly obtained and, in any event, one-time and recurring savings would rapidly offset the inflationary effect of any such delay. When comparing cost alternatives, the Office of Management and Budget requires that a "constant dollar/present value" and "total life cycle cost" approach be followed. If this approach was taken, then the inflationary costs of concern to DIA would have almost no impact on the analysis.

c. While it may be true that the military could provide maintenance and operation support more efficiently than GSA, the difference in cost could not be that large, and, in any event, the whole issue is problematical since a final agreement on the support of the facilities at Langley could well involve a combination of GSA, CIA, and military support.